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Poland: Agricultural Policy, Production and Balance of Trade

Summary

Poland moved from being a net agricultural exporter with a food trade surplus of $100 million in 1970 to a net importer with a deficit of $1.9 billion in 1981. This change occurred mainly because political pressures forced the Gierek regime in the early 1970s to expand consumption beyond the capacity of the country's agricultural sector. Poor weather limited the expansion of domestic production, but other important constraints were the lack of investment in agriculture, inadequate incentives for the private farmer to increase production, and discrimination against the private farmer in the allocation of land and inputs. After 1975 Warsaw increasingly had to rely on credit-financed agricultural imports from the West. [redacted] 25X1

Poland most likely will not become a net agricultural exporter in the 1980s for several reasons, but the country could improve its trade balance by radically altering its present policies toward domestic production, consumer demand, and exports. The regime could stimulate farm output by increasing investment in the agricultural

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infrastructure and by providing additional assurances and incentives to private farmers. It could control consumer demand by raising retail food prices to reflect their true costs, maintaining a better control on incomes, and importing only minimum amounts of foods that cannot be produced in Poland. At the same time, Warsaw could increase exports by investing in larger and better storage and processing facilities, developing better marketing techniques for selling to Western countries, and concentrating on the production of labor intensive and specialized commodities that can be produced in excess of domestic needs. 25X1

Odds are against the regime taking many of these steps. We believe agriculture will continue to get insufficient investment funds because of industry's successful lobby for more funds. For ideological reasons, the regime will not be likely to implement policies which would convince the private farmers that their future looks bright enough for them to invest and produce more. Moreover, the government will remain cautious in regulating consumer demand because of fear of worker reaction to increased austerity. For the same reason, we believe it will allow food prices to increase only moderately in the 1980s, and it has already said it hopes to surpass the moderate consumption plans of 1983-90, especially to raise the low per capita meat consumption goal. And the regime has no formal plans to improve its marketing techniques in the West. 25X1

Performance in the 1970s

Poland had an agricultural boom in the early 1970s that was unprecedented in the postwar period. Between 1970 and 1974, overall agricultural production increased by 5 percent annually, grain production rose by an average of 9.0 percent a year, cattle numbers by 4.7 percent, and hogs by 12.5 percent. Other farm products such as milk, vegetables, and fodder crops increased significantly (table 1).[1] 25X1

The boom was due to a coincidence of favorable weather and Communist Party Chief Edmund Gierek's efforts to give greater support to private farmers. During these years, the government increased purchase prices of grain and livestock, reduced land taxes, abolished compulsory deliveries, and granted farmers national health insurance and retirement benefits. 25X1

Despite higher output, the regime found it had to expand imports of agricultural products and food to satisfy the population's growing demand. In fact, the value of such imports increased by a whopping 324 percent between 1970 and 1974, while agricultural exports grew by only 86 percent. Grain imports increased from 2.3 million tons in 1970 to 3.9 million tons in 1974. 25X1

Increased production and imports improved the Polish diets considerably in this period. Per capita consumption of meat increased an average of 5.5 percent annually, eggs by 2.5 percent, fats by 2 percent, and sugar by 2.9 percent. At the same time, consumption of less desirable foods, such as potatoes and grains, decreased 1.7 percent annually (table 2). 25X1

The farming boom faltered after the middle of the decade. Weather was partly to blame, but a key factor was the decision by the Gierek regime to shift back to policies that weakened incentives for private farmers. Grain production stayed at 1975 levels; only in 1976 and 1978 did it surpass 20 million tons. The potato and sugar beet harvests fell to record lows in 1980 after four years of stagnation. Cattle and hog production were at 1973 levels in 1980. Livestock numbers stagnated or fell every year after 1978. 25X1

Although imports continued to grow throughout the decade, stagnating domestic production slowed the growth of consumption of quality foodstuffs. Consumption of meat rose only 5 percent

1 Except as noted, all statistics in this paper are taken directly from or are based upon official Polish sources. 25X1

in the last half of the decade and that of eggs rose 7 percent. Consumption of milk stagnated, while that of sugar fell by 4 percent. At the lower end of the demand scale, cereal consumption rose 6 percent, and potato consumption fell 9 percent. [redacted] 25X1

Regime Policies

Little Investment in Agriculture. Poland's agricultural problems stem in part from Warsaw's failure to invest sufficiently in the sector. Historically, the regime in the postwar era apportioned an average of only 11 to 15 percent of the state investment budget to agriculture compared with 40 percent to industry. Private farmers could not buy enough modern machinery and high-quality seeds, and rural roads, storage facilities, and irrigation projects were not upgraded. To some extent, weather damage to crops in the late 1970s could have been reduced had the state invested more in flood control and land improvement projects and in the construction of transport and storage facilities. Even in years of good harvests, Polish economists estimate that inadequate rural infrastucture contributes to losses of 15 to 20 percent of the crop. [redacted] 25X1

We believe that private farmers, moreover, have invested little to improve their land because they believe it may be taken eventually by the state, either by force or after their retirement. Low procurement prices--restricting the private farmers' income and incentive to increase investment and output--have discouraged them from building more storage facilities, updating farm implements, and improving soil management. [redacted] 25X1

Discrimination Against the Private Farmer. Unlike its neighbors, Poland decided not to force the collectivization of farming in the 1950s because the regime feared that resistance by the farmers would severely disrupt food supplies. Subsequent regimes had similar fears and in 1982, private farms accounted for 80.7 percent of gross farm production; state farms, 15.8 percent; collectives, 3.2 percent; and associations, 0.3 percent of output. Associations provide services such as plowing and harvesting to private farms and demonstrate new farming techniques. [redacted] 25X1

Warsaw, however, took other steps to try to control the farmers. It established compulsory delivery quotas for products that private farmers had to sell to the state, and at the same time favored state farms over private farms in the sale of many farm inputs, especially key items such as tractors and fertilizers. By the mid-1970s, only one private farmer in 13 owned a tractor; most of the others depended on horses to farm their land. In 1975, the supply of fertilizer provided private

farms per unit of land was only half that allotted to state farms. Relative to land area and livestock numbers, the state farms received more machinery and equipment and had greater access to services of veterinarians and soil scientists. 25X1

The government also limited the size of private farms and this along with the traditional dividing of a father's land among his sons--now forbidden--has made private farms small and inefficient. In the early 1950s, private farmers were not permitted to hold more than 15 hectares (1 hectare equals 2.47 acres). This limit was subsequently increased, and by the late 1970s farmers were allowed to own 50 hectares of land. Apparently recognizing the key role of private farming--and perhaps economies of scale--the regime doubled the amount in 1982. Local officials, however, often have been a stumbling block in implementing the policy: they have been slow to approve land sales to prosperous farmers and have used controls over credit and other powers to hinder farm expansion. Moreover, chronic shortages of machinery have made farmers reluctant to acquire more land. As a result, only 5 percent of private farms in 1980 were over 15 hectares. 25X1

State procurement prices for private farm products rarely have been high enough to stimulate production. Historically, regimes raised procurement prices substantially only in response to pressure from workers to increase food supplies, and they then eroded farmers' real gains by raising input prices. Prices of many inputs such as fertilizers, pesticides, and farm machines were doubled in the late 1950s, and some were increased by 20 to 30 percent again in the late 1960s. 25X1

In the early 1970s, Gierek temporarily increased real farm income by raising procurement prices much more than input costs. In 1974, however, input prices were increased by 10 percent while purchase prices rose only 7 percent. In real terms, private farm income increased over 25 percent from 1970 to 1974, but stagnated between 1975 and 1978 before dropping 5 percent in 1979 and 8 percent in 1980. In contrast, the real income of an urban worker increased about 30 percent from 1970 to 1974 and rose 10 percent between 1975 and 1980, including a 2-percent increase in 1979 and a 4 percent rise in 1980. 25X1

Low farm incomes have forced many farmers to take second jobs to make ends meet. A government survey in the mid-1970s showed that nearly 60 percent of Poland's private farm families depended to some extent on non-agricultural income. Because second jobs divert these people from farm work, Polish statistics show that yields are 20 to 30 percent lower on their farms than on others of similar size or soil fertility. 25X1

As in other countries, the Polish agricultural sector has the problem of keeping sufficient labor on the farms. The number of private farmworkers declined 30 percent from 1970 to 1980 mainly because higher incomes and improved lifestyles have drawn many young farmworkers to the cities. In addition, over one-third of the private farmers today are over 60 years of age and some older farmers are being enticed off the land by liberalized retirement benefits granted in 1980. This pension system allows farmers to retire at age 65 for men and 60 for women if they surrender their land to the State Land Fund or to younger relatives. 25X1

Increasing Food Supplies. The Gierek regime tried to win the loyalty of the workers by providing increased amounts of quality food at low prices. The main problems with this strategy, however, were that in order to increase consumption the regime had to bring in hard currency imports and to maintain low prices it had to increase budget subsidies. By 1980, about 40 percent of the state budget was earmarked for food subsidies because the government--to avoid worker discontent--refused to raise retail prices. Besides low retail prices, a 243 percent rise in money income between 1970 and 1981 also increased consumer demand for food. The regime, however, was unable to satisfy completely the increased demand. As a result, long lines formed outside food stores, and the black market became an increased source of food supplies. Farmers preferred to sell their goods for higher prices on the black market, and the government was unable to fulfill its procurement plans in 1980 and 1981, especially for meat and grain. In 1981, retail sales of food in the socialized market measured in constant prices decreased 11 percent from 1980 levels; the amount of meat for sale by the state decreased 17 percent. As a result, the regime established rationing programs for meat which were later extended to almost all major foodstuffs in 1981 and 1982. 25X1

Increasing Imports, Decreasing Exports of Food. In the 1970s, the regime decided to import food and agricultural raw materials mainly from the West rather than risk the political repercussions that might result from curbing demand. The value of agricultural imports from the West rose from $291 million in 1970 to a record $2.5 billion in 1981 (Table 3). Agriculture's share of Poland's total hard currency import bill grew from 26 to 46 percent during this period. By 1981, Poland was dependent upon the West for almost 80 percent of its imports of foodstuffs and agricultural raw materials compared with 55 percent in 1970 (Table 4). By the last half of the decade, imports from the West accounted for:

-- roughly one-quarter of Poland's total consumption of coarse grains;

-- approximately three quarters of the country's consumption of high protein feedstuffs--oilcake and meal;

-- over half of total oilseed consumption; and

-- one-third of the raw hides processed.

Correspondingly, the USSR's importance as a provider of agricultural commodities declined dramatically because of its own production problems and increasing domestic needs. Whereas the Soviet Union supplied 34 percent of Poland's agricultural imports in 1970, the figure had slipped to 10 percent by 1980. 25X1

Because of Warsaw's emphasis on expanding livestock output, imports of grain and feedstuffs, almost entirely from the West, accounted for over one-half of the increase in the value of Poland's total agricultural imports between 1970-80. The share of feedstuffs in Poland's total agricultural imports rose from approximately 30 percent in 1970 to a peak of just over half in 1980. Roughly 30 percent of Poland's meat output in the late 1970s was dependent on foreign grains and protein meals. 25X1

A 240-percent increase between 1970 and 1980 in the volume of imports of semi-luxury commodities--tropical and subtropical fruits, coffee, tea, cocoa and spices--also contributed to Poland's rising import bill. The growth of such imports reflected the new demands of a more affluent, urbanized population. Because of higher world prices, the value of such imports was about 7 times higher at the end of the decade, and their share in Poland's total agricultural imports rose from 10 percent in 1970 to about 14 percent in 1980. 25X1

Poland's increasing dependence upon the West resulted not only from the West being the only reliable source for large volumes of grain and protein meals, but also reflected Western willingness to grant favorable financing, largely in the form of government credits and guarantees. Poland used an increasing share of hard currency trade credits to purchase agricultural commodities, particularly grain and feedstuffs.[2] 25X1

[2] Both France and Canada extended credits for grain purchases under long-term grain agreements with Poland during the 1970s. Favorable financing in the form of US Commodity Credit Corporation (CCC) export credits and guarantees greatly facilitated US agricultural exports to Poland. Between 1970 and 1981, US agricultural exports to Poland financed under CCC programs totaled roughly $2.6 billion. In fiscal year 1981 CCC programs financed $645 million in agricultural exports to Poland, or approximately 92 percent of total US agricultural exports to the country. 25X1

Food exports did not grow in pace with imports. Although Poland's agricultural exports rose from $390 million in 1970 to a peak of almost $1 billion in 1979, they fell back to $600 million in 1982 (table 3, figure 1). The share of agricultural exports in total hard currency trade declined almost annually from 30 percent in 1970 to 11 percent in 1981 as the regime diverted export goods to the domestic market. Over 90 percent of total agricultural exports to the West--mainly consisting of meat, processed meat and live animals--were sold to Western Europe and the United States (table 5). 25X1

As a result of increasing imports and falling exports, Poland's hard currency agricultural trade balance deteriorated rapidly during the 1970s, moving from a surplus of some $100 million in 1970 to a $1.9 billion deficit in 1981. This deterioration also reflected a worsening in the terms of trade of agricultural products. After rising rapidly in the early 1970s, prices of livestock products tended to stabilize late in the decade while prices of key import items generally increased (table 6). 25X1

Trends Since 1981

The regime under General Wojciech Jaruzelski has tried to reduce agricultural and food imports by boosting domestic production, reducing consumer demand, and encouraging private farmers to sell more to the state. Nevertheless, in 1982--the first year of martial law--agricultural output fell 4.5 percent from 1981 levels--compared with an average 5 percent growth in 1970-75 and no growth during 1976-80. Although the grain crop increased 7.6 percent, total crop output fell because of declines in the production of potatoes, sugar beets, and rapeseed--a source of vegetable oil. The fodder harvest also fell 17 percent compared with 1981 and contributed to lower livestock numbers. 25X1

The martial law regime tried to keep up domestic market supplies by using a combination of threats and incentives to encourage farmers to increase production and sales to the state. For example, the regime warned that it would reinstate compulsory deliveries and it deployed military teams to the countryside to brow beat farmers into selling to the state. The government refused to sell key inputs to farmers who did not make a minimum amount of sales to the state. On the incentive side, it extended credit for purchases of agricultural inputs and continued subsidies on machinery and fertilizer in short supply. The regime also offered to pay farmers who delivered grain above contracted amounts with interest-bearing "grain bonds" redeemable at higher prices in 1983-85. It also attempted to underscore its support of private farmers by securing parliamentary approval of several

measures that had been introduced the pre-martial law period, including bills liberalizing farm inheritance and pensions and increasing the maximum farm size to 100 hectares. 25X1

The incentives had little impact because they did not increase farmers' profit. Prices of inputs, for example, rose by over 35 percent in 1982 compared with 1981, the cost of services increased more than 300 percent (including insurance and retirement premiums), but procurement prices increased an average of only 21 percent. The government raised procurement prices again this July, but farmers' organizations claim that farmers' costs still run above revenues. According to the Polish press, the Ministry of Agriculture did not take into account higher national insurance premiums or fuel costs when calculating the new procurement prices, so that the output of many agricultural products remain unprofitable. Farmers calculate, for example, that the present costs of raising a hog are 25 percent more than they will receive from its sale. Farmers' costs will increase even more because the regime plans later this year to increase land taxes on private farms and to tax high-income farmers as part of the anti-inflationary program. 25X1

Although the regime has pledged to equalize the living standards of the rural and urban populations, the income gap widened in 1982 and 1983. Real farm income, including income in kind, dropped about 20 percent in 1982, and we expect it to decrease again this year. According to the Polish Planning Commission, the ratio of private farm family income to the income of an urban industrial family was 92:100 in the first six months of 1983. The Ministry of Agriculture this year expects the ratio to fall below the 90 percent level compared with incomes in other sectors of the economy. 25X1

In large part because of poor policies and failure to implement some of its programs, the regime was unable to procure adequate grain domestically in 1982 and 1983. The shortfall from the original plans was 0.7 million tons in the period July 1981 to June 1982 and 2.6 million tons during July 1982 to June 1983. In 1982, farmers were keeping grain for their own feedstocks because the state was unable to supply them with the imported high protein feed as in the past or to provide consumer goods as an incentive. 25X1

One way that the regime dealt with the shortfall was to lower grain use by decreasing the numbers of poultry and livestock. By the end of 1982, poultry stocks had fallen by 20 percent, cattle herds by 4 percent and hog numbers by 8 percent (including a 25 percent decrease in sows). Private farmers reduced their hog and sow stocks even more than the total--12 and 28 percent, respectively. Although meat supplies increased early in 1982

because of slaughtering, this practice reduced livestock numbers available during the rest of the year, and per capita consumption of meat in the year as a whole decreased to 57.8 kilograms per capita in 1982 compared with 65.0 kilograms in 1981. By the end of 1983, we expect livestock numbers and per capita consumption of meat to decline further as a result of decreased breeding. 25X1

The regime could not completely make up the grain shortfall by boosting imports because of Western credit restrictions imposed in response to martial law. Although Warsaw purchased more than 2 million tons of grain from France and Canada in early 1982 on credits agreed to before the imposition of martial law, credit problems led to a one-third decline in grain imports in July 1981 to June 1982 compared with the previous year. In 1982 and 1983, imports again decreased by one-third. Most of the grain purchases, moreover, had to be made for cash or barter. 25X1

Poland's ability to arrange grain credits almost certainly will not improve appreciably in 1983. France and Canada failed to renew long term grain agreements that expired in late 1982. The United States, traditionally the supplier of more than half of Poland's grain imports, is maintaining the restrictions imposed on CCC credits when martial law was introduced. Some short-term credits are available; the 1982 rescheduling agreement with Western banks provides for the return of 50 percent of Polish interest payments--$550 million--in the form of trade credits. But unless more credits are available, the bulk of Poland's agricultural purchases will continue to be made for cash or through barter and countertrade. 25X1

As a result of the sharp decline in agricultural imports, the hard currency agricultural trade deficit fell by some $1.2 billion in 1982 to $687 million. Total hard currency agricultural imports declined in 1982 by 49 percent while exports of foodstuffs and agricultural raw materials remained at their 1981 level. Declining earnings from the export of meat and meat products were offset by increased earnings from the export of sugar, fruits and vegetables, and selected dairy products. 25X1

We expect Poland's hard currency agricultural trade deficit this year to remain at about $600 million with exports expected to rise slightly and imports to fall modestly or stabilize. This prediction of the level of the deficit takes into account the likely size of this year's harvest and our estimates of Warsaw's willingness to curb domestic demand and ability to boost exports. Because of a mild winter but followed by several weeks of drought conditions, we expect the 1983 grain harvest to be about 20 million tons this is more than 1 million tons below last year's near-record crop but slightly above the recent five-year average. At the same time, grain requirements have fallen from

1982 levels. Reducing livestock and poultry numbers and lowering the quality of feed rations, albeit at the cost of livestock output, probably have reduced grain requirements by 1.5 to 2.0 million tons this year. Moreover, continued rationing and sharp hikes in food prices should continue to offset the effect of increases in real wages and reduce the demand for many foods, particularly meat. On the other hand, Poland's ability to generate production for export is limited. We expect livestock output to decline further in 1983 and unless Warsaw is willing to make sharper cuts in supplies for the domestic market, meat exports will also decline. 25X1

Polish Policy Prescriptions

Poland could take a number of steps to increase domestic production, control consumer demand, and increase exports.[3] The regime could increase agricultural output by:

-- increasing the amount of investment pledged to the sector in 1983-85 from the 28 percent now pledged for both the food indusry and the agricultural sector;

-- increasing investment in the agricultural infrastructure, such as research stations, rural transport, storage elevators, and hardware stores; and

-- producing a better mix of pesticides and fertilizers. 25X1

In addition, the government needs to provide more assurances to the private farmer by

-- changing its pricing policy so that an efficiently run private farm can cover its expenses and earn a fair return;

-- assuring the availability of inputs, such as fertilizers, pesticides, seeds, and tools at reasonable prices;

-- encouraging private investment--which could improve future production--by offering incentives such as reductions in land taxes;

3 See Appendix 1 for a discussion of Polish agriculture and consumption plans for 1985 and 1990. 25X1

-- easing the 100 hectare restriction on land sales and lessening local discrimination against the sale of land to private farmers;

-- increasing supplies of consumer goods to rural markets;

-- setting a more equitable relationship among taxes, prices, and credits;

-- establishing income parity between the urban and rural population to discourage the migration of young farm workers to the city; and

-- encouraging the development of individual and group initiatives to increase production and services to the private farm sector. 25X1

Although restrictions of consumer demand will be difficult for political reasons, the government could try to regulate it by:

-- raising retail food prices to reflect their true costs;

-- maintaining better control on increases in income; and

-- importing only minimum amounts of food, such as coffee, tea, cocoa, and citrus, which cannot be produced in Poland. 25X1

In order to increase its exports of agricultural products, the regime could:

-- concentrate on the export of value-added processed and specialty type meat products, such as canned hams, sausage, and salami;

-- invest in larger processing and storage facilities for labor intensive and specialized products such as frozen or processed fruits and vegetables and processed barley and potatoes; and

-- improve its food marketing techniques in the West. 25X1

Outlook

We do not believe the regime has the ability or willingness to implement many of these measures. Economic development plans still call for agriculture to get insufficient investment funds because of industry's successful lobby for more funds. In 1982, the government reduced the amount of investment pledged to the sector from 30 percent for agriculture alone to 28 percent for

both the agricultural and food sector. Since there will be only a 5-percent increase in total investment in 1983-85, agricultural investment will be only 80 percent of its 1976-80 level. 25X1

We believe that basic supplies, such as machinery, fertilizers, and pesticides will continue to be inadequate in the 1980s. For example, although the regime plans to increase fertilizer application to 214 kilograms per hectare in 1985, the actual capacity of the chemical industry will allow for only 205 kilograms per hectare. In addition, the chemical industry does not produce the correct type of pesticides--such as for less resistant high yielding grains that are grown in Poland. 25X1

Although a constitutional amendment has ensured the existence of private farms, the regime has not provided the assurances farmers need to increase production. Costs still exceed revenues for most of agricultural production, especially livestock, despite regime promises to make production profitable. The supply of inputs and consumer goods probably will not increase enough to provide incentives or satisfy the demands of the rural consumer in the next several years. 25X1

With political discontent still simmering, the government will remain cautious in regulating consumer demand. The regime appears reluctant to increase food prices to lower consumer demand. Polish officials have stated consumer prices will not increase enough to cover the July 1983 procurement price increases until January 1984 when the prices of meat, bread, and dairy products will rise; even the coming increases will not fully cover production costs. Instead, the government has opted to raise budget subsidies to cover the additional costs. 25X1

General consumption, moreover, is to grow 11 to 12 percent during 1983-85 instead of the original 10 percent because Polish planners have bowed to public pressure to increase it. Likewise, prices are scheduled to increase by only 11 to 13 percent annually until 1985, whereas original plans called for average price increases of 25 to 30 percent annually. Real incomes are scheduled to rise by 15 to 16 percent annually in the 1983-85 period, while the supply of goods and services on the market will increase 8 percent yearly. 25X1

Food exports probably will not increase greatly because the government is more likely to yield to consumer pressure to increase domestic consumption rather than to financial pressure to increase hard currency exports. Additionally, some of Poland's

traditional markets for meat over the past year have established trade barriers to imports.[4] [redacted] 25X1

Most of the constraints on the government's willingness and ability to address the country's agricultural problems reflect the regime's fear of one or another sector of the public. Because this fear is long-based in postwar history and the gulf between the regime and the people almost certainly will not be soon healed, we do not expect any marked changes in the agricultural situation for many years. It seems highly unlikely, therefore, that Poland can return to being a net agricultural exporter in this decade. [redacted] 25X1

4 See Appendix 2 for a discussion of Warsaw's plans for grain imports and meat exports in 1985 and 1990. [redacted] 25X1

Appendix 1
Polish Agricultural Plan for 1985 and 1990

	1982	1985	1990
Grain (million metric tons)	21.2	23.0	24.6
Potatoes (million metric tons)	33.8	45.2	44.0
Sugar Beets (million metric tons)	14.0	16.5	17.0
Cattle (million)	11.9	12.5	14.5
Hogs (million)	19.5	20.5	23.0

Grain yields are expected to increase to 30 quintals per hectare in 1990 from a 24.7 quintal average in 1978-82. The regime again pledges to increase supplies of farm inputs, including fertilizers, pesticides, and farm implements, improve the rural infrastructure, and increase the farmers' standard of living to accomplish these goals. 25X1

Polish Consumption Plan for 1985 and 1990

The regime also plans to improve the Polish diet from 1982 levels. Annual per capita food consumption is scheduled to increase to the following amounts:

	1980	1982	1985	1990
Meat and products (kilograms)	74	58	58	63
Milk (liters)	262	255	275	285
Eggs (units)	223	200	222	225
Total fats (kilograms)	24.8	21.6	23.4	25.1
Grain products (kilograms)	127	124	127	125
Vegetables (kilograms)	101	106	120	125
Fruits (kilograms)	38	41	45	50

Plans envisage only moderate increases in retail prices in the 1980s and cuts in budget subsidies for food. 25X1

Appendix 2

If Warsaw achieves planned grain output targets of 23 million tons in 1985 and 24.6 million tons in 1990, it could meet its goals for meat production and secure a surplus of meat for export in the amount of around 347,000 tons in 1985 and 487,000 tons in 1990 (Table 1 and 2). Production at these levels would require grain imports of approximately 4.0 million tons in 1985 and 4.8 million tons in 1990. 25X1

Under less optimal conditions--grain output near the trend of the past five years--production of livestock products at the planned level would require imports of some 6.5 million tons in 1985 and 8.1 million tons in 1990, well above Warsaw's import targets. If in either case the regime is not able to hold domestic consumption to planned levels, availability of meat for export would decrease rapidly. For instance, if per capita consumption in 1985 fell from the 1980 level of 74 to 65 kilograms instead of the planned 58, the quantity of meat for export would fall from a level of 347,000 tons to only 45,000 tons. 25X1

Table 1: Estimated Supply and Demand of Grain Required to Meet Planned Targets for Livestock Production in 1985 and 1990[1]

	1985		1990	
Million Metric Tons	Trend	Plan	Trend	Plan
1. Grain production	20.5	23.0	21.3	24.6
2. Nonfeed grain useage	9.5	9.5	10.0	10.0
3. Domestic feed availability (1-2)	11.0	13.5	11.3	14.6
4. Projected feed demand	17.5	17.5	19.4	19.4
5. Projected grain shortfall (import need) (3-4)	6.5	4.0	8.1	4.8

1 Required to produce in 1985--2,848 million tons of meat, 1,700 million liters of milk, and 9,000 million eggs; in 1990--3,240 million tons of meat, 18,500 million liters of milk, and 9,500 million eggs. 25X1

Table 2
Projected Meat Balances
(Thousand Metric Tons)

	1985	1990
Meat Output, Planned	2848	3240
Meat Consumption, Planned	2501	3753
Balance for Export	347	487

Polish Agricultural Production, Imports and Exports

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Agricultural production[a] (Index 1970 = 100)	100.0	108.1	113.6	118.7	120.8	105.3	107.0	107.5	116.7	109.9	95.7	98.5	94.6
Crops[b]													
Grain (million tons)	16.3	19.9	20.4	21.9	23.0	19.6	20.9	19.4	21.5	17.3	18.3	19.7	21.2
(1970 = 100)	100.0	122.1	125.2	134.4	141.1	120.2	128.2	119.0	131.9	106.1	112.3	120.9	130.1
Imports (million tons)	2.3	2.9	3.0	2.9	3.9	3.9	6.1	5.7	7.4	7.3	7.8	7.2	4.2
Exports (million tons)	0.2	0.1	0.2	0.4	0.3	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Potato Production (million tons)	50.3	39.8	48.7	51.9	48.5	46.4	50.0	41.1	46.6	49.6	26.4	42.6	32.0
(1970 = 100)	100.0	79.1	96.8	103.2	96.4	92.2	99.4	81.7	92.6	98.6	52.5	84.7	63.6
Sugar beet Production (million tons)	12.7	12.6	14.3	13.7	13.0	15.7	15.1	15.6	15.7	14.2	10.1	15.9	15.1
(1970 = 100)	100.0	99.2	112.6	107.9	102.4	123.6	118.9	122.8	123.6	111.8	79.5	125.2	118.9
Livestock (June census)													
Cattle (million)	10.8	11.1	11.5	12.2	13.0	13.3	12.9	13.0	13.1	13.0	12.6	11.8	11.9
(1970 = 100)	100.0	102.8	106.5	113.0	120.4	123.1	119.4	120.4	121.3	120.4	116.7	109.3	110.2
Hogs (million)	13.4	15.2	17.3	19.8	21.5	21.3	18.8	20.0	21.7	21.2	21.3	18.5	19.5
(1970 = 100)	100.0	113.4	129.1	147.8	160.4	159.0	140.3	149.3	161.9	158.2	159.0	138.1	145.5
Agricultural Products													
Sugar Production[c] (million tons)	1.5	1.6	1.7	1.7	1.4	1.9	1.6	1.8	1.8	1.6	1.1	1.7	1.6
(1970 = 100)	100	106.7	113.3	113.3	93.3	126.7	106.7	120.0	120.0	106.7	73.3	113.3	106.7
Imports (million tons)	.01	.04	0.04	0.03	0.05	0.04	0.02	0.03	0.06	0.06	0.12	.18	NA
Exports (million tons)	.31	.09	0.35	0.43	0.18	0.07	0.35	0.27	0.29	0.11	0.02	0.01	0.12
Meat and Fat Production[c] (million tons)	2.2	2.2	2.5	2.7	3.1	3.1	2.9	2.9	3.1	3.3	3.1	2.6	2.6
(19970 = 100)	100	100	113.6	122.7	140.9	140.9	131.8	131.8	140.9	150.0	140.9	118.2	118.2
Imports (million tons)	0.04	0.02	0.07	0.06	0.01	0.02	0.05	0.10	0.03	0.00	0.05	0.23	0.12
Exports (million tons)	0.04	0.15	0.17	0.19	0.23	0.21	0.16	0.14	0.15	0.17	0.16	0.10	0.08

a Source: L. W. International Finance Research, Inc., Economic Growth in Eastern Euopre, OP-48, OP-54, 1975; Op-65, 1981.

b Polish Statistical Office, Rocznik Statystyczny, 1971-81.

c USDA

Table 2
Poland: Per Capita Consumption of Selected Food Products[a]

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Meat (kilograms)	53.0	56.1	59.3	52.1	65.6	70.3	70.0	69.1	70.6	73.0	74.0	65.0	57.8
Milk (liter)	262	266	263	263	261	264	258	263	264	264	262	257	255
Eggs (units)	186	193	196	202	205	209	214	214	219	221	223	227	200
Sugar (kilograms)	39.2	39.6	40.9	42.4	43.9	43.2	43.9	41.5	42.7	43.9	41.4	33.4	41.8
Fish (kilograms)	6.3	6.4	6.8	7.2	7.3	7.2	7.7	7.6	7.3	7.6	8.1	7.3	6.0
Cereals (kilograms)	131	128	127	125	123	120	119	122	120	120	127	121	124
Potatoes (kilograms)	190	189	187	183	177	173	171	168	166	163	158	157	161

[a] Polish Statistical Office, Rocznik Statystyczny, 1971-81.

Table 3

Poland: Hard Currency Trade in Agricultural Commodities And Foodstuffs

	1966	1970	1973	1975	1977	1979	1980	1981	1982
				Million US Dollars (Current Prices)					
Exports	338.1	389.5	765.5	663.4	825.0	982.7	955.8	604.5	599.5
(Index 1970 = 100)	86.8	100.0	196.5	170.3	211.8	252.3	245.4	155.2	153.9
Imports	301.3	291.0	795.5	1032.8	1472.1	1950.3	2407.1	2506.0	1286.3
(Index 1970 = 100)	103.5	100.0	273.4	354.9	505.9	670.2	827.2	861.2	442.0
Balance	36.8	98.5	-30.0	-369.4	-647.1	-967.6	-1451.3	-1901.5	-686.8
				Percent of Total Hard Currency Foreign Trade					
Exports	38.8	30.3	30.2	16.1	16.9	15.3	12.7	11.1	11.1
Imports	33.8	25.7	20.9	15.2	20.9	24.0	28.4	46.2	34.0

Source: Wharton CPE Foreign Trade Data Book, 1982 edition, and Rocznik Statystyczny Handlu Zagranicznego, various years.

Table 4
Poland: Graphic Distribution of Agricultural Trade
(Percentage Share)

	1970	1975	1980	1981	1982
Total World Trade					
Imports	100.0	100.0	100.0	100.0	100.0
Exports	100.0	100.0	100.0	100.0	100.0
Total Socialist Trade					
Imports	45.5	33.0	21.6	21.3	45.0
Exports	19.7	32.5	21.5	19.6	33.1
USSR					
Imports	34.1	22.4	10.3	12.0	18.0
Exports	3.6	16.7	9.9	6.5	16.3
Eastern Europe[1]					
Imports	7.5	6.0	7.6	6.1	11.8
Exports	15.4	14.8	10.0	12.1	13.6
Other[2] Socialist					
Imports	3.9	4.6	3.7	3.2	15.6
Exports	0.7	1.0	1.5	1.0	3.2
Total Nonsocialist Trade					
Imports	54.5	67.0	78.4	78.8	55.0
Exports	80.3	67.5	78.5	80.4	67.0
Developed[3]					
Imports	37.6	51.4	59.2	60.7	43.1
Exports	72.8	59.1	71.0	75.9	62.8
Less Developed[4]					
Imports	16.9	15.6	19.2	18.1	12.0
Exports	7.5	8.4	7.5	4.5	4.2

1 The CEMA Five--East Germany, Czechoslovakia, Hungary, Romania and Bulgaria.

2 Other Centrally Planned Economies--Albania, China Cuba, Mongolia, North Korea, Vietnam, and Yugoslavia.

3 Developed Countries--Western Europe, Turkey, North America, South Africa, Japan, Australia, and New Zealand.

4 Less Developed Countries--all other countries not included above.

Source: Calculated from data in the Wharton CPE Foreign Trade Data Bank, 1982 edition; from Rocznik Statystyczny Handlu Zagranicznego, various years, Polish Statitical Office; and from Biuletyn Statystyczny-II, 1983. Zloty values for Socialist trade were converted to rubles and then to dollars at the prevailing ruble/dollar exchange rate for each year.

Table 5
Poland's Agricultural Trade With The Developed West[1]
1970, 1975, and 1980
(In Percent)

	Poland's Imports			Poland's Exports		
	1970	1975	1980	1970	1975	1980
United States	23.8	50.4	29.3	16.6	24.1	21.6
Canada	7.3	13.2	15.1	0.4	1.1	0.4
Australia	0.0	1.1	0.1	0.1	0.2	0.1
Japan	0.0	0.0	0.0	0.8	1.0	1.8
Western Europe	68.7	35.4	55.5	82.0	73.8	76.2
EC-9	51.4	22.6	44.7	68.7	62.2	64.2
Netherlands	2.7	1.6	2.5	2.0	2.6	1.9
Belgium/Luxem.	1.0	0.2	0.0	2.1	2.4	2.0
France	13.3	3.5	22.0	5.2	10.5	9.3
Germany	21.4	6.7	8.0	19.4	24.5	24.6
Italy	3.0	3.2	1.4	17.6	8.1	18.8
Denmark	7.6	5.2	1.3	1.0	1.4	1.3
United Kingdom	1.6	2.2	9.5	21.3	12.6	6.3
Ireland	0.8	0.0	0.1	0.1	0.1	0.0
Other W. Europe	17.3	12.8	10.8	13.3	11.6	12.0
Austria	1.0	0.2	3.4	3.2	2.7	2.5
Finland	0.7	0.0	0.1	0.6	0.8	1.0
Sweden	1.9	5.7	1.2	4.2	3.8	3.4
Spain	6.0	1.6	0.7	1.0	1.2	0.5
Norway	3.7	1.6	0.6	0.9	0.5	0.3
Switzerland	0.2	0.1	0.1	2.4	2.1	2.1
Greece	3.8	3.6	4.7	1.0	0.5	2.2
Total	100.0[2]	100.0[2]	100.0[2]	100.0[2]	100.0[2]	100.0[2]

[1] OECD 19, SITC categories 0, 1, and 4.

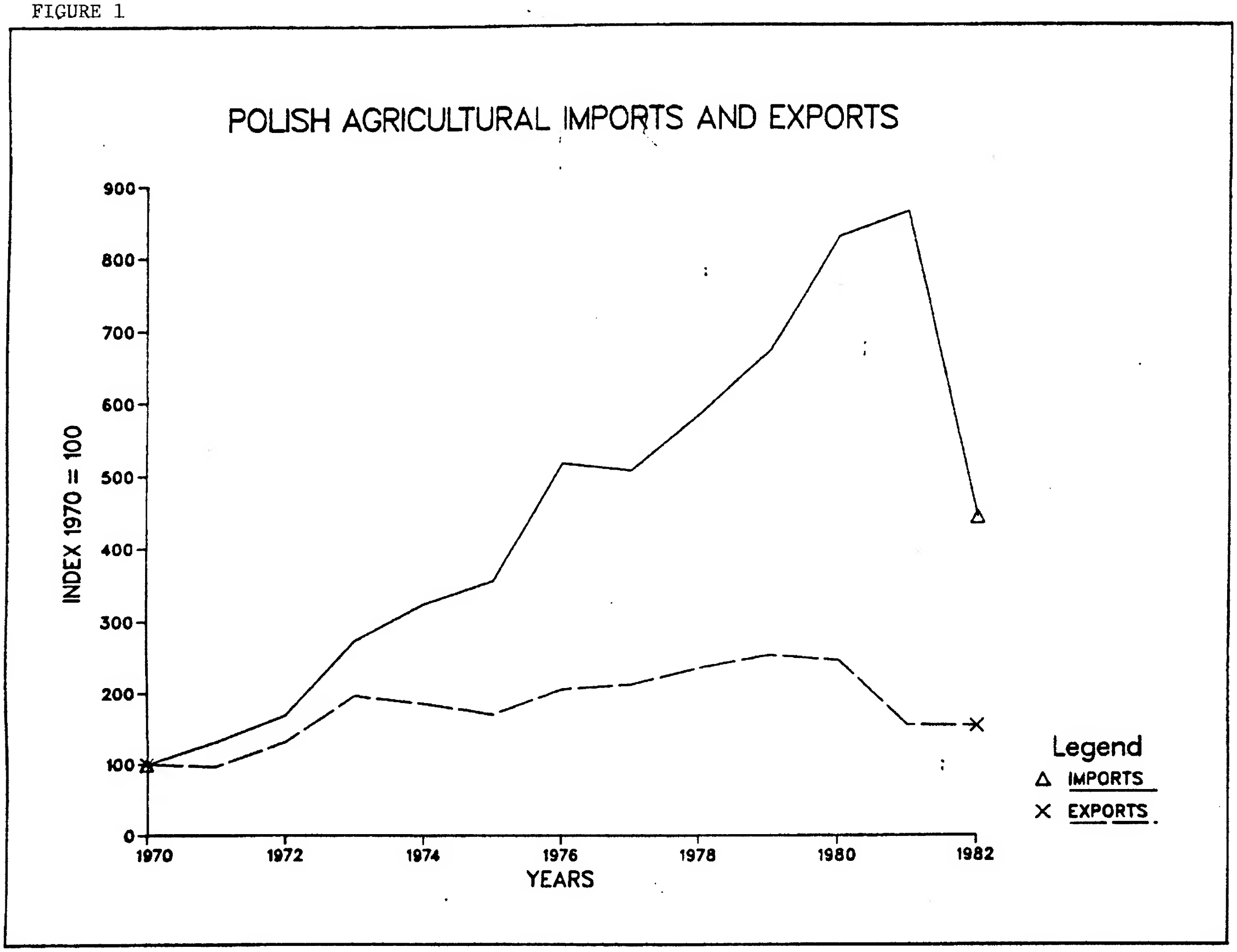
[2] Totals may not add due to rounding.

Table 6
Poland: Volume and Value Indices of Agricultural Trade, Selected Commodities

	1970		1973		1975		1977		1980	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	(1970 = 100, Dollar Basis)									
Imports										
Grain	100	100	130	218	158	410	225	467	303	915
Oilmeal and Cake	100	100	230	544	303	525	336	789	435	1076
Oilseeds	100	100	192	290	162	443	26	92	327	756
Coffee, Tea Cocoa and Spices	100	100	123	159	147	280	125	553	204	781
Citrus Fruits	100	100	174	234	186	294	250	382	254	604
Exports										
Live Animals	100	100	144	319	156	221	132	136	222	273
Meat and Meat Preparations	100	100	122	195	131	202	89	194	101	247
Bacon, Ham	100	100	74	137	38	101	29	70	26	78
Canned Meat	100	100	118	162	118	193	110	196	116	233
Dairy Products and Eggs	100	100	143	175	133	238	100	190	65	220
Fruit and Vegetables	100	100	86	132	73	172	119	472	37	162

Source: Food and Agriculture Organization of the United Nations (FAO) Trade Tapes, 1981 edition.

FIGURE 1


POLISH AGRICULTURAL IMPORTS AND EXPORTS
INDEX 1970 = 100
900
800
700
600
500
400
300
200
100
0
1970
1972
1974
1976
1978
1980
1982
YEARS
Legend
IMPORTS
EXPORTS

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[redacted] 25X1
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